



June 24, 2005

Cranston man is charged with fraudulent advance-fee scheme

**John J. Conley allegedly took \$285,000 in
advance fees from businesses but failed to provide promised financing**

A federal grand jury in Providence has charged **John J. Conley**, of Cranston, with defrauding eight businesses by taking a total of about \$285,000 in advance fees for financing that he promised but never provided.

United States Attorney Robert Clark Corrente and Kenneth W. Kaiser, Special Agent in Charge of the Federal Bureau of Investigation, announced a 14-count indictment, which the grand jury returned yesterday in U.S. District Court Providence. The indictment charges Conley with wire fraud.

The indictment alleges that Conley told potential clients who were seeking financing for their businesses that he managed a "hedge fund" or a "private merchant bank" that was funded with approximately \$25,000,000. Through a series of "misrepresentations and lies," the indictment alleges, Conley assured his potential clients that he could secure prompt financing for their business, when, in fact, he "did not manage a hedge fund or a private merchant bank," and did not have access to the financing that the businesses sought.

Using various corporate shells, such as John Conley Investments, LLC, and River City Investments, LLC, Conley allegedly took advance fees from eight businesses in amounts ranging from \$25,000 to \$60,000, purportedly to cover his "due diligence costs." He allegedly

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promised to provide between \$750,000 and \$10,000,000 in financing for the clients. The indictment alleges that Conley did not deliver the financing, did not use the fees for due diligence costs, and kept most of the advance fees for himself.

The indictment alleges that Conley's victims were: a Michigan-based corporation established to auction commercial equipment over the Internet; a Virginia-based software consulting service; a Virginia company established to facilitate high-speed securities transactions over the Internet; a California executive recruiting service; a Connecticut food service enterprise; a New York-based business that distributed alcoholic beverages; a Chicago firm developing communications technology for schools; and a Connecticut based airline shuttle company.

In all, Conley allegedly promised the eight businesses \$39,250,000 in financing and never delivered any of it.

The indictment alleges that Conley executed his scheme through 14 fraudulent wire transactions, including money transfers and faxes, between July 2000 and March 2001.

An indictment is merely an allegation and a defendant is presumed innocent unless and until proven guilty. The maximum penalty for each count of wire fraud, upon conviction, is five years in prison and a \$250,000 fine.

Earlier this month, acting on a U.S. District Court complaint alleging the same pattern of conduct that the indictment alleges, FBI agents arrested Conley, 56, of Apartment 120, 38 Oaklawn Avenue, Cranston. He is free on unsecured bond and a summons will be issued for him to appear in U.S. District Court for arraignment on the indictment.

The **Federal Bureau of Investigation** investigated the case. Assistant U.S. Attorney Terrence P. Donnelly is prosecuting it.